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Harris, Peter

Veröffentlichungsversion / Published Version
Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Harris, P. (2017). What does Brexit mean for the Arab Gulf States? *IndraStra Global*, 7, 1-3. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-52419-5>

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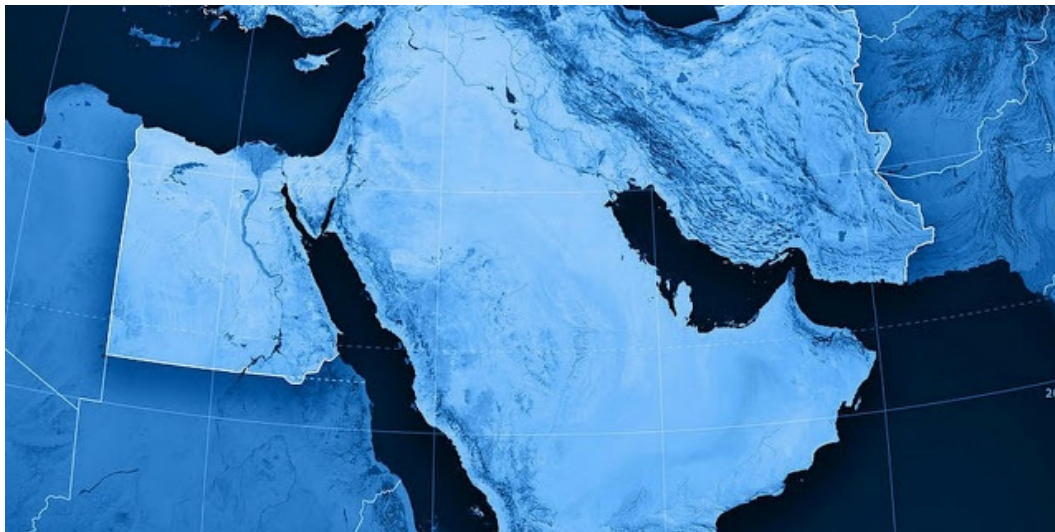
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What does Brexit mean for the Arab Gulf States?

indrastra.com/2017/07/What-does-Brexit-mean-for-Arab-Gulf-States-003-07-2017-0019.html

By Dr. Peter Harris
via Gulf State Analytics



In June 2016, the British people voted to exit the European Union—a momentous choice that took the political establishment by almost complete surprise, and which continues to reverberate through British politics. For a brief moment during April-May 2017, it seemed as though Prime Minister Theresa May's decision to call a snap election over the issue of Brexit might offer an opportunity for the country to rally around a common vision of what future relations with the EU should look like. Yet the unexpected result of that election was to strip May's Conservative party of its parliamentary majority, thus enfeebling the government and calling into question its ability to handle contentious negotiations with the EU. In short, Brexit has thrown Britain's domestic politics into a state of turmoil and—as of now, at least—there is precious little indication that the tumult and uncertainty will lessen in the months and years to come.

The implications of Brexit will not be confined to the national stage, however. On the contrary, it is unavoidable that withdrawal from the EU will spell great changes in terms of Britain's foreign policy. As with the unfolding domestic drama, it is impossible to know exactly how these international consequences of Brexit will play out. But some things can be known for sure. First, Brexit will empower decision-makers in London to forge new and improved associations with foreign nations, especially in the realms of trade and investment. Second, though, British officials will find themselves in a much weaker bargaining position as they go about exercising these newfound competencies. For the states of the Gulf Cooperation Council (GCC), these two political realities have the potential to make for very good news.

Deepened and Expanded Ties: The British Perspective

For over forty years, participation in the European project provided Britain with access to remunerative export markets, amplified diplomatic clout, and enhanced political influence on the world stage. In anticipation of Brexit, decision-makers in London are now in urgent need of new or expanded overseas partnerships to compensate for the loss of Britain's place in Europe. Most pressing will be the need to use repatriated powers over trade policy to safeguard the fortunes of British business, especially if Britain's leaders are unsuccessful at negotiating continued membership in the EU Single Market, which looks likely. But officials in London will also be keen to buoy their country's geopolitical standing in other ways, too, and to avoid the perception that Britain is retreating from international affairs.

London seems to view the Arab Gulf states as low-hanging fruit—that is, governments that already oversee a large amount of business with Britain and which stand to benefit from greater cooperation. For example, the GCC states already constitute an important export market for British goods—the third largest, in fact, after the EU and U.S.—and has been identified as a region where trade and investment could be expanded in the future. Meanwhile, the British military maintains an important naval base in Bahrain (earmarked to become the Royal Navy’s most important base outside of the British Isles) and London is a major supplier of weapons to Saudi Arabia and other GCC states. From the British perspective, Brexit creates an opportunity for these relationships to deepen and expand to the benefit of all sides. Indeed, efforts to cultivate British-GCC relations are already well underway: Prime Minister May addressed the GCC summit in December 2016, explicitly calling for close cooperation between her government and the states of the region. Foreign Secretary Boris Johnson has also traveled to the Gulf in search of future trade deals.

In the long run, however, Britain’s interest in the Gulf might run deeper than just cooperation in the areas of defense, trade, and investment. Despite the populist and nativist rhetoric of some Euro-sceptics, departing the EU will actually make Britain more dependent than ever upon the health and vitality of an open world economy. It thus matters to diplomats in London that there are other governments willing to support free trade and the other main pillars of economic globalization. Should the principles of economic openness come under assault—whether from rising or resurgent illiberal states like China or Russia or from anti-globalization factions within the U.S.—this would spell disaster for a trading nation like Britain. Going forward, London is surely hopeful that the Arab Gulf states can be counted on as part of a broad coalition of middle powers who support economic openness.

What’s in it for the GCC?

It is clear, then, that the relationship between Britain and the Gulf is set to grow in importance from the British perspective. But what incentive will there be for the GCC states to accept London’s overtures, especially if Brexit serves to reduce Britain’s wealth, power, and global influence? In fact, there are several reasons why Arab Gulf countries will want to work alongside Britain. First, Britain’s exit from the EU promises to widen the Arab Gulf states’ access to what remains the world’s fifth largest economy and create lucrative opportunities in terms of both trade and investment. Second, Britain will continue to be an important military partner for the GCC given its expanding naval presence in Bahrain—a project that helps keep Britain invested in the security of the Gulf region. Third, London will remain a valuable ally on the world stage because of its size, extensive diplomatic networks, and its permanent seat on the UN Security Council.

Yet improved relations with the GCC are not something that Britain can take for granted. Simply put, London’s acute need for overseas partners puts it in a relatively weak bargaining position when it comes to concluding new political, security, and trading arrangements. The GCC governments, on the other hand, enjoy a much-improved hand. It will become far more difficult for any future British government to withhold the sale of arms because of concerns over human rights, for example, although the opposition Labour Party—currently riding high in the polls following its surprise surge in support in the June 2017 General Election—has promised exactly such a policy toward Saudi Arabia if it returns to power in Westminster. Rather, it is much more likely that British officials will be the ones making diplomatic concessions instead of the other way around. Already, there are signs of London hardening its stance on Tehran in an apparent attempt to woo the governments of Saudi Arabia, Bahrain, and the United Arab Emirates.

On the broader question of international order, the Arab Gulf states are likely to agree with Britain that economic openness is something worth defending and extending. But this is already the case. For the GCC, the liberal international order has always been worthwhile only insofar as it facilitates economic cooperation and preserves the territorial status quo—not because of its transformative potential or its commitment to ideals such as universal human rights. Owing to the structural pressures imposed by leaving the EU, it probably will not be long before British leaders come to share this hard-headed set of priorities—if they do not already, that is—again suggesting that Britain’s future global role will be on terms increasingly favorable to its Arab Gulf interlocutors.

Conclusion

For a long time, Britain was a major player in the EU but also retained for itself an expansive role on the world stage. The two mantles reinforced each other: being influential in Europe made Britain strong and attractive overseas while maintaining a global outlook buttressed London’s standing in Europe. Now that the link with Europe is to be severed, Britain has even more of an incentive to act as a global power, but its leaders are faced with the diminished wherewithal to actually do so. In a nutshell, this is the paradox of Brexit: that exiting the EU might “liberate” Britain in some important respects, but it will also reduce the nation’s capacity to press its interests on the world stage. In the near future, it is highly likely that this foreign policy conundrum

for Britain will redound to the GCC's advantage. Officials in London will look to the Arab Gulf states for enhanced military, economic, and diplomatic ties—but they might just find that the governments of the region are in a position to drive a hard bargain in return for what they have to offer.

Gulf State Analytics (@GulfStateAnalyt) originally [published this article](#) on July 11, 2017

About the Author:

Dr. Peter Harris is an advisor at Gulf State Analytics. He is an Assistant Professor at Colorado State University, where his research and teaching focus on International Relations theory, international security, and U.S. foreign policy.